**CHOCOSUISSE UNION DES FABRICANTS SUISSES DE CHOCOLAT & ORS**

**v.**

**MAESTRO SWISS CHOCOLATE SDN BHD & ORS**

HIGH COURT MALAYA, KUALA LUMPUR
AZAHAR MOHAMED J
[SUIT NO: D2-22-1475-2005]
8 FEBRUARY 2010

***INTELLECTUAL PROPERTY:*** *Passing off - Trade name - Differences between classical passing off and passing off in the extended form - Passing off action, ingredients of - Goodwill and reputation*

***INTELLECTUAL PROPERTY:*** *Geographical indications - Protection of geographical indications - Nature and purposes of geographical indications*

The first plaintiff was a Swiss co-operative established to protect the worldwide reputation and goodwill of Swiss chocolate manufacturers. The second and third plaintiffs were manufacturers and global exporters of Swiss chocolates. Their chocolates were sold and available in Malaysia for at least ten years. They were also members of the first plaintiff. The defendants manufactured and sold chocolate products bearing the mark 'Maestro SWISS'. The plaintiffs instituted a civil action against the defendants contending *inter alia* that the defendants' use of the mark 'Maestro SWISS' on their products had led or was likely to lead members of the chocolate-buying public in Malaysia to believe that the defendants' chocolates were Swiss chocolates. The plaintiffs averred that the defendants' wrongful use of the mark 'Maestro SWISS' had damaged the second and third plaintiff's as well as the Swiss chocolate manufacturers' goodwill and reputation in relation to Swiss chocolates. The plaintiffs further contended that they were entitled to prevent the defendants' use of the 'Maestro SWISS' mark under the Geographical Indications Act 2000. The plaintiff's cause of action was thus based on the tort of passing off and the statutory protection against unlawful use of a geographical indication under the Geographical Indications Act 2000 ('the GI Act').

**Held (dismissing the plaintiffs' action with costs):**

**(1)** The plaintiffs' cause of action was based on the tort of passing off in the extended form. The main differences between classical passing off and passing off in the extended form are: (a) parties who do not have an exclusive right to use a particular trade name, but who are only some members of a class consisting of all those who have the right to use the name, are entitled to protect the name by a passing-off action, and (b) unlike classical passing off, the misrepresentation in an extended passing off is not that the defendant's product is the product of the plaintiffs. The misrepresentation is that the defendant's product is of the kind that enjoys the reputation and goodwill attached to the trade name in which the plaintiffs, jointly and severally, have a property right. *Seet Chuan Seng & Anor v. The Yih Jia Food Manufacturing Pte Ltd* (refd); *Erven Warnink BV v. Townend & Sons (Hull) Ltd* (foll); *Bollinger & Ors v. Costa Brave Wine Co Ltd* (foll); *Chocosuisse Union Des Fabricants Suisse De Chocolat and Others v. Cadbury Limited* (foll); *Vine Products Ltd v. Mackenzie & Co Ltd* (refd); *John Walker & Sons Ltd v. Henry Ost & Co Ltd* (refd); *Wembly Gypsum Products Sdn Bhd v. MST Industrial Systems Sdn Bhd* (refd); *Meidi M) Sdn Bhd v. Meidi-Ya Co Ltd, Japan & Anor* (refd). (paras 23, 24, 25, 26, 27 & 28)

**(2)** In order to establish an action for passing off, a plaintiff must prove that it has established goodwill and reputation in relation to its products. In the instant case, the first plaintiff was a trade association for Swiss chocolate manufacturers. It did not sell or manufacture chocolates. Without any form of chocolate business, no goodwill could have arisen in relation to its claim of passing off against the defendants. The first plaintiff thus had no *locus standi* to sue in its own right in the instant action. *Chocosuisse Union Des Fabricants Suisse De Chocolat and Others v. Cadbury Limited* (foll). (para 30)

**(3)** The plaintiffs had adduced evidence to establish the significance of the words 'Swiss chocolate' to the local public. The evidence established that significant members of the Malaysian trade and public recognized chocolates made in Switzerland as products of distinctive reputation and quality. The second and third plaintiffs, having sold and continuing to sell their own brands of chocolates made in Switzerland, were entitled to the

reputation and goodwill that the words 'Swiss chocolate' enjoyed in Malaysia, apart from the reputation and goodwill that their own brands enjoyed. Thus the second and third plaintiffs were entitled to protect the words 'Swiss chocolate' through a passing off action in the extended form. (paras 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44 & 45)

**(4)** In a passing off action the misrepresentation by the defendant of his goods as that of the plaintiffs' is an essential element. In the instant case, the defendants' presentation of their products was characteristically different from that of the plaintiffs'. When combined and viewed in their totality, there was no way the defendants' chocolate products could be construed by reasonable persons as 'Swiss chocolates'. The defendants' products also carried words that identified the defendants as Malaysian manufacturers and the origin of the products from Malaysia. A reasonable person would not be confused by the words 'Maestro SWISS' into believing that 'VOCHELLE' (the defendants' product) was Swiss chocolate. Any suggestion of a possibility of a damaging association or deception and confusion capable of giving rise to a cause for complaint in passing off or unfair trade competition was thus negated. *MCCurry Restaurant (KL) Sdn Bhd v. MCDonald's Corporation* (foll). (paras 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 63, 64, 65 & 66)

**(5)** The words 'Maestro SWISS' in the front corner of the defendants' packaging was to serve as the corporate image of the defendants' group of companies. It served as the corporate logo of the defendants. In the given context, there was no inappropriate or improper use of the use of the word SWISS. (paras 59 & 60)

**(6)** Geographical indication is an indication of source. It connects a product to a particular geographical location. It is used to describe goods that originate from a particular geographic area. Geographical indications perform three purposes. Firstly, it identifies goods as originating in a particular country or locality. Secondly, it suggests to the public that the goods come from an area where a given quality of the goods is attributable to their origin. Thirdly, it promotes the goods of the geographic origin. In the instant case, the 'Maestro SWISS' logo was not used on the defendants' packaging to denote geographical

A indication. The High Court could not accept that the designation or presentation of the words 'Maestro SWISS' on the packaging indicated or suggested in a manner, which would invariably mislead and deceive the Malaysian public that the chocolates originated from Switzerland for which the plaintiffs B could take a cause of action under s. 5 of the GI Act. (paras 70, 71 & 72)

**Case(s) referred to:**

*Bollinger & Ors v. Costa Brave Wine Co Ltd [1960] 1 RPC 16* ***(foll)***

C *Chocosuisse Union Des Fabricants Suisse De Chocolat and Others v. Cadbury Limited [1998] RPC 117* ***(foll)***

*Chocosuisse Union Des Fabricants Suisse De Chocolat and Others v. Cadbury Limited [1999] RPC 826* ***(foll)***

*Consitex SA v. TCL Markerting Sdn Bhd [2008] 8 CLJ 444 HC* ***(refd)***

*Elba Group Sdn Bhd v. Pendaftar Cap Dagangan dan Paten Malaysia & Anor [1998] 4 CLJ Supp 24 HC* ***(refd)***

D *Erven Warnink BV v. Townend & Sons (Hull) Ltd [1979] 2 All ER 927* ***(foll)***

*John Walker & Sons Ltd v. Henry Ost & Co Ltd [1970] RC 489* ***(refd)***

*Marengo v. Daily Sketch [1948] 65 RPC 242* ***(refd)***

E *MCCurry Restaurant (KL) Sdn Bhd v. MCDonald's Corporation [2009] 3 CLJ 540 CA* ***(foll)***

*Meidi (M) Sdn Bhd v. Meidi-Ya Co Ltd, Japan & Anor [2008] 1 CLJ 46 CA* ***(refd)***

*Seet Chuan Seng & Anor v. Tee Yih Jia Food Manufacturing Pte Ltd [1994] 3 CLJ 7 SC* ***(refd)***

F *Tohtonku Sdn Bhd v. Superace (M) Sdn Bhd [1992] 2 CLJ 1153; [1992] 1 CLJ (Rep) 344 SC* ***(refd)***

*Vine Products Ltd v. Mackenzie & Co Ltd [1969] RPC 1* ***(refd)***

*Wembley Gypsum Products Sdn Bhd v. MST Industrial Systems Sdn Bhd [2007] 6 CLJ 228 CA* ***(refd)***

G **Legislation referred to:**

Geographical Indications Act 2000, ss, 2, 5

*For the plaintiffs - Linda Wong (Choy Sook Yee & Oan Suet Yen with her); M/s Tay & Partners*

H *For the defendants - Wong Sai Fong (Michelle Loi Choi Yoke with him); M/s Shearn Delamore & Co*

*Reported by Andrew Christopher Simon*

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## JUDGMENT

**Azahar Mohamed J:**

**[1]** The dispute in this action revolves around the word "SWISS", which is used for or in relation to chocolate and chocolate products. The disagreement between the parties in this action arises in late 2003 when the plaintiffs first become aware of the defendants' use of the words "Maestro SWISS" for their chocolate products. According to the plaintiffs, the use of the words "Maestro SWISS" by the defendants on their chocolate products has led or is likely to lead the members of the chocolate-buying public in Malaysia to believe that those are Swiss Chocolate. Thereafter, the plaintiffs through their Malaysian solicitors issued demands to the defendants to cease such use. The defendants refused and subsequently the plaintiffs filed this action in 2005.

**[2]** The defendants manufactured, marketed, promoted, supplied, exported, distributed for sale, sold, amongst others, the following Maestro SWISS chocolates: Maestro SWISS VOCHELE Hazelnut Dairy Milk Chocolate; Maestro SWISS VOCHELE Spree Funky Orange; Maestro SWISS VOCHELE Almonds Covered In Dairy Milk Chocolate; Maestro SWISS VOCHELE Spree Cool Strawberry.

**[3]** Chocosuisse Union Des Fabricants Suisses De Chocolat (the first plaintiff) is a co-operative society formed in Switzerland that is responsible to protect the worldwide reputation and goodwill of its members who are the chocolate manufacturers in Switzerland. Kraft Foods Schweiz (the second plaintiff) and Nestle Suisse SA (the third plaintiff) are chocolate manufacturers in Switzerland who are also members of the first plaintiff. They manufacture and export Swiss chocolates to Malaysia and other countries worldwide. The second and third plaintiffs have for many years, sold and continue to sell in Malaysia, chocolates made entirely in Switzerland, of amongst others, the brands "Toblerone" and "Nestle" respectively. A number of Swiss chocolate products are also available in Malaysia including "Alprose", "Alprsose Swiss", "Torino", "Torino Swiss Selection", "Camille Bloch", "Lindt" and "Swiss Delic".

**[4]** Before I state the rival contentions of the parties, it is useful to note that the plaintiffs' main cause of action in the present suit is based on the tort of passing off in the extended form rather in the classic form, about which more will be said further on at a later

A stage of this judgment. The claim by the plaintiffs is also based on the statutory protection against unlawful use of a geographical indication pursuant to the Geographical Indications Act 2000 (the GI Act).

B **The Plaintiffs' Case In Summary**

**[5]** A summary of the plaintiffs' case can be as follows. The plaintiffs are interested persons in respect of the geographical indication "Swiss" when used in relation to chocolates or chocolates products and are entitled to take up proceedings against the C unauthorized and wrongful use of such indication by the defendants by way of the mark "Maestro SWISS" for their chocolates.

**[6]** According to Dr Frantz Urs Schmid (PW1), a director of the first plaintiff, the defendants have used the words "Maestro SWISS" D in relation to their chocolates and chocolate products, which are not manufactured in Switzerland. "Swiss chocolate" or the word "Swiss" used in relation to chocolate denotes chocolate or chocolate paste, which has been manufactured entirely in Switzerland. When it is used in relation to chocolate, the denomination of origin "Swiss" is E not merely a descriptive term but it is a term, which conveys or is capable of conveying certain significance and meaning with regard to the chocolate product itself. The plaintiffs consider the defendants' use of the mark "Maestro SWISS" to be wrongful and it amounts to a misrepresentation that gives rise to the tort of passing off. The F term "Swiss chocolate" possesses the following distinguishing factors, namely Swiss chocolate is made entirely in Switzerland and it is recognized as high quality and premium chocolate.

**[7]** In his evidence, PW1 explained:

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> Swiss chocolate enjoys long standing goodwill and reputation of excellence, which is recognized around the world. If the confusion is allowed to be reinforced and perpetuated by the defendants, there will be irreparable damage to the goodwill and reputation of Swiss chocolate. Those who consume "Vochelle" chocolate thinking H that it is Swiss chocolate from Switzerland and find it unsatisfactory may associate such lack of satisfaction with chocolates from Switzerland generally. Furthermore, innocent consumers and buyers will continue to be deceived and falsely led into buying the defendants' "Vochelle" chocolate thinking that it is chocolate from Switzerland or Swiss chocolate when it is not true.

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**[8]** Swiss chocolate manufacturers including the second and third plaintiffs and their predecessors have played a major and definitive role over the years in the development of the art and technology of manufacturing chocolates. Two significant contributions of Swiss chocolate manufacturers are the inventions of milk chocolate and the "conching" process. Swiss chocolates have acquired a distinct and discrete reputation and are perceived by the public in Malaysia and internationally to be premium high quality chocolates.

**[9]** The second and third plaintiffs are in the business of manufacturing, supplying, selling and exporting for sale Swiss chocolates to countries worldwide including Malaysia. Such Swiss chocolates exported for sale in Malaysia by the second and third plaintiffs including the "Toblerone" and "Nestle" chocolates respectively. The second and third plaintiffs have been supplying and exporting for sale their Swiss chocolates to Malaysia for the past ten years if not longer. The second and third plaintiffs therefore have substantial goodwill and reputation in Malaysia in relation to their Swiss chocolates and chocolate products.

**[10]** Swiss chocolate manufacturers have expended incalculable time, effort and money to market and promote Swiss chocolates around the world and to protect the goodwill and reputation associated with Swiss chocolates. Such effort include advertising, market promotions as well as initiating numerous actions worldwide including Malaysia to stop third parties from taking advantage of such goodwill and reputation by using the word "Swiss" or making false references to Switzerland on packaging and advertisements of chocolate products not manufactured in Switzerland.

**[11]** The mark "Maestro SWISS" is prominently displayed on packaging for the defendants' chocolates and chocolate products. The word "SWISS" appears in bold white colour in upper case lettering against a red rectangular box emulating the white and red colours of the Swiss flag (white cross in a red field).

**[12]** The deliberate adoption and use of the word "SWISS" and the colours red and white in conjunction with the word "SWISS" by the defendants are calculated and intended to deceive and/or mislead the public into thinking that the defendants' chocolates are produced in or originate from Switzerland or are Swiss chocolates, to unfairly take advantage of the reputation and goodwill enjoyed by Swiss chocolates, Swiss chocolate manufacturers including the second and third plaintiffs.

**[13]** The defendants' unauthorized and wrongful use of the mark "Maestro SWISS" in relation to their chocolates and chocolate products are damaging, dissipating and usurping the second and third plaintiffs and the Swiss chocolate manufacturers' substantial goodwill and reputation in relation to Swiss chocolates, which took incalculable cost, time, effort and many years to build.

**[14]** Such unauthorized and wrongful use of the "Maestro SWISS" mark by the defendants constitutes acts in respect of which the plaintiffs have a right to prohibit pursuant to the GI Act.

## The Defendants' Case In Summary

**[15]** The defendants' case can be summarized as follows. The defendants contend that the first plaintiff has no goodwill or reputation associated with its activities in Malaysia.

**[16]** The defendants contend that the second and third plaintiffs have no goodwill and reputation in Malaysia in relation to their manufacture, import or sales of chocolates by reference to the descriptive term 'Swiss chocolate; the term being generic and descriptive and have never been used as a source indicator for their chocolates.

**[17]** The defendants have never represented their products as having originated or imported from Switzerland. On the other hand, the defendants intended and have, in fact, used their "Maestro SWISS" composite logo or the mark "Maestro SWISS" as source indicator for their chocolates and chocolate confectionery since the year 2000.

**[18]** The words "Maestro SWISS" form part of the names of the defendants. Extensive promotion and advertisement had been expended by the defendants in relation to use of these marks in relation to their chocolates and chocolate confectionery products. Until recently, the defendants have been enjoying quiet possession of these marks. The plaintiffs have all along been fully aware of use of these marks by the defendants and accordingly, have acquiesced to the use of these marks.

**[19]** The use of these marks by the defendant should be perceived in their entireties, not individual components of them. The words "Maestro SWISS" as used on the defendants' packaging as well as the entirety of the defendants' packaging get-up is distinctive of the defendants and, that cannot be misrepresentative.

**[20]** The Maestro Swiss logo is not used to denote geographical indication. A

## Findings Of The Court With Regards To Claim Against The Defendants In Passing Off

**[21]** In the case of *Seet Chuan Seng & Anor v. Tee Yih Jia Food Manufacturing Pte Ltd* [1994] 3 CLJ 7, the Supreme Court held that: B

> The principle of law regarding passing off has been plainly stated by Lord Parker in *Spalding v. Gamage* 84 LJ Ch 449 "and that is, that nobody has any right to represent his goods as the goods of somebody else". It is therefore wrong for a trader to conduct his business as to lead to the belief that his goods or business is the business of another. C

**[22]** The Supreme Court then referred to *Erven Warnink BV v. Townend & Sons (Hull) Ltd* [1979] 2 All ER 927 (the *Advocaat* case), where Lord Frazer stated this at pp. 943g onwards and 944: D

> The question therefore remains whether the champagne case itself was rightly decided or not. As I have already said, I think that that case went rather further than the previous decisions in passing off cases. I would respectfully adopt the words of traditionally legal theory used by Cross J. in the Sherry case *Vine Products Ltd v. Mackenzie & Co Ltd* [1969] RPC 1, 23, where he said that the champagne case "uncovered a piece of common law or equity which had till the escaped notice ..." . But the decision in my opinion soundly based on the principle underlying the earlier passing off actions, which I take to be that the plaintiff is entitled to protect his right of property in the goodwill attached to a named which is distinctive of a product or class of products sold by him in the course of business. E F G

**[23]** As earlier stated, in the present action, the plaintiffs cause of action is based on the tort of passing off in the extended form. The extended form of the tort of passing off was first recognized and applied in *Bollinger & Ors v. Costa Brave Wine Co Ltd* [1960] 1 RPC 16 (the *Spanish Champagne* case) and subsequently endorsed by the House of Lords in the *Advocaat* case *(supra)*. Lord Fraser in the landmark *Advocaat* case described the characteristics of a valid passing off action as follows: H

> It is essential for the plaintiff in a passing-off action to show at least the following facts: I

A (1) That his business consists of, or includes, selling in England a class of goods to which the particular trade name applies;

(2) That the class of goods is clearly defined, and that in the minds of the public, or a section of the public, in England, the trade name distinguishes that class from other similar goods;

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(3) Because of the reputation of the goods, there is goodwill attached to the name;

(4) That he, the plaintiff, as a member of the class of those who sell the goods, is the owner of the goodwill in England which

C is of substantial value;

(5) That he has suffered, or is likely to suffer, substantial damage to his property in the goodwill because of the defendants selling goods, which are falsely described by the trade name to which the goodwill is attached.

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Provided these conditions are satisfied, as they are in the present case, I consider that the plaintiff is entitled to protect himself by a passing-off action.

E **[24]** In the case of *Chocosuisse Union Des Fabricants Suisse De Chocolat and Others v. Cadbury Limited* [1998] RPC 117, which was an earlier action brought by the society against use of "SWISS CHALET" for Cadbury's chocolates, the above formulation of Lord Fraser was accepted as being directed specifically to the present type

F of action, namely, one concerning a class of goods under "extended" passing-off.

**[25]** The features, which distinguished the Spanish Champagne case from the earlier classical passing off cases, are, in the first place the goodwill in the "Champagne" mark is not exclusive or

G limited to the individual plaintiffs but is shared with every other exporter of sparkling wines to England whose wines could satisfy specified criteria or conditions. It does not matter that the person entitled to the mark is not merely one individual but is a class of persons producing the goods. Secondly, the class of traders entitled

H to share in the goodwill or proprietary right to the mark is not a closed class but is one capable of continuing expansion, since any other exporter whose wine satisfied the criteria specified may jointly use the said mark.

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**[26]** It is important to understand how passing off in "extended" form is different from passing off in "classical" form. In the landmark *Advocaat* case, the House of Lords confirmed the principle established in the *Spanish Champagne* case. It recognized that that was as an action for passing off, not in its classic form of a trader representing his own goods as the goods of somebody else, but in an extended form. The *ratio decidendi* of that case was subsequently adopted as correct in the case concerning the alcoholic drink "Sherry" (*Vine Products Ltd v. Mackenzie & Co Ltd* [1969] RPC 1) and in the Scotch whisky case (*John Walker & Sons Ltd v. Henry Ost & Co Ltd* [1970] RC 489).

**[27]** The House of Lords in *Advocaat* case identified these as the main differences between classical passing off and the action in its extended form: (a) parties who do not have an exclusive right to use a particular trade name, but who are only some members of a class consisting of all those who have the right to use the name, are entitled to protect the name by a passing-off action, and (b) unlike classical passing off, the misrepresentation in an extended passing off is not that the defendant's product is the product of the plaintiffs. The misrepresentation is as such that the defendant's product is of the kind that enjoys the reputation and goodwill attached to the trade name in which the plaintiffs, jointly and severally, have a property right.

**[28]** The *Advocaat* case has been followed and adopted in Malaysia including in the following cases:

1. *Seet Chuan Seng & Anor v. Tee Yih Jia Food Manufacturing Pte Ltd* [1994] 3 CLJ 7 at p. 15 (Supreme Court);

2. *Wembley Gypsum Products Sdn Bhd v. MST Industrial Systems Sdn Bhd* [2007] 6 CLJ 228 at p. 242 (Court of Appeal);

3. *Meidi (M) Sdn Bhd v. Meidi-Ya Co Ltd, Japan & Anor* [2008] 1 CLJ 46 at p. 67 (Court of Appeal).

**[29]** With that, I return to the present case. The serious dispute in the present case is as to the elements in relation to the goodwill and of misrepresentation. It is the contention of learned counsel for the defendants that the plaintiffs have no goodwill in the word "SWISS" or SWISS chocolate, which is capable of being protected by the law. Secondly, the sales of their products do not constitute a representation that the product is Swiss chocolate.

**[30]** Before dealing with these two elements, I should first deal with the question whether the first plaintiff has the *locus standi* to sue the defendants. I had thought that it is now well settled that to prove an action for passing off, a plaintiff must prove that it has established goodwill and reputation in relation to the business it conducts to its given products of contention. In the present case, the society is a trade association for Switzerland based chocolate manufacturers. It cannot be disputed that it does not sell nor manufacture chocolates. Without any form of chocolate business conducted by the society, no goodwill can be said to have arisen that is of any relevance to the cause of action for passing off pled against the defendants. In *Chocosuisse Union Des Fabricants Suisse De Chocolat and Others v. Cadbury Limited* [1999] RPC 826, the Court of Appeal held that Chocosuisse Union Des Fabricants Suisse De Chocolat (the first plaintiff in the present action) had no *locus standi* to sue. Likewise, in my view, the first plaintiff has no *locus standi* to sue in its own right in the present action. There is no business interest or goodwill, which the society is entitled to protect in an action in Malaysia for passing off against the defendants.

**[31]** As far as the second and third defendants are concerned, I move on to consider the question: Does the term "SWISS chocolate" have a distinctive meaning and reputation?

**[32]** By the plaintiffs' case, the term "Swiss chocolate" possesses the following distinguishing factors, namely Swiss chocolate is made entirely in Switzerland and Swiss chocolate is recognized as high quality and premium chocolate.

**[33]** Would the words "Swiss chocolate" have been taken by a significant section of the chocolate-buying public in Malaysia at the relevant time to mean, chocolate made in Switzerland? In considering this question, the following important facts are pertinent. The second and third plaintiffs are manufacturers of chocolate in Switzerland and their chocolates, which are sold in Malaysia, are made entirely in Switzerland. The second and third plaintiffs have long observed the practice of restricting use of the denomination "Swiss" or "Swiss chocolate" only for their chocolates, which are made entirely in Switzerland. The restriction in use is practiced and observed in countries throughout the world including Malaysia. Since the beginning of the 20th century, they have acted to protect the denomination of origin "Swiss" against wrongful use,

namely, against use of "Swiss" or "Switzerland" for chocolate not made in Switzerland. Numerous actions around the world have been taken against third parties in this regard.

**[34]** The plaintiffs have established evidence to show the significance of "Swiss chocolate" to the local public or a significant section of them and what it would mean to them. Loh Kit Foo (PW3) has worked in the chocolate business in Malaysia since 1994. His company, FNA Marketing (M) Sdn Bhd, imports, supplies and sells chocolates locally. His company also owns and operates "The Cocoa Trees" outlets, which retail chocolates. PW3 in his evidence said:

> ... What I know from years of marketing and selling chocolate is
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> that we do have discerning customers. For example, the "Kit Kat" chocolate. We have "Kit Kat" which is produced locally as well as "Kit Kat" imported from UK and Australia available in our domestic market. The packaging and brand are all the same, the only difference is the country of manufacture. Yet, there are customers who will ask specially for "Kit Kat" imported from UK or Australia. This shows that through exposure and experience, they have become educated as to the difference in the taste and quality of the product based on country of manufacture. Of course, not every one of our customers is like that but certainly, with some of them, I do see the clear awareness and preference for Swiss chocolate, possibly from prior exposure and the consistently good experience they have had with chocolates from Switzerland.
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> Yes, in terms of consumer awareness, I have certainly seen this awareness and preference for Swiss chocolate amongst our customers in 2005 and before, at least 10 years before.

**[35]** Low Mee Leng (PW2) has been in the chocolate business in Malaysia since 1979 and has worked in the marketing side of the DR Group Holdings Sdn Bhd since 1993 or 1994. Her company is Malaysia's largest importer and distributor of chocolates and has operated the "Choc Stop" airport chocolate retail outlets since 1983. PW2 has been its Group Marketing Manager since 2001. PW2 testified:

> The awareness exists. Probably not with each consumer but definitely there are some of our local customers who are very discerning and know exactly what. I know some customers who will buy only chocolates from Switzerland. Whereas amongst us in the trade and business, it is common basic knowledge, that Swiss chocolate is the best.

A When I first joined the industry in 1979, Swiss chocolate was already generally regarded and accepted in the business as the best or of a higher class than chocolate from other countries. In terms of consumer awareness, it is certainly my experience and knowledge that this awareness existed with our local customers in 2005 and
B before. Even then, we have customers who would only by chocolates from Switzerland. They may pick up additional pieces of chocolate from other countries to try especially if we have a promotion going on but you still are able to observe that basic preference for Swiss chocolate, which they will always pick up first after entering the shop. We always have no difficulty selling the
C chocolate if it is a Swiss chocolate and this has been the case since when I joined the DR Group.

**[36]** Ong Choon Tuck (PW7) is a tour manager and has been leading Malaysians on tours and holidays to Switzerland and Europe since 1983. The material part of his evidence goes this way:
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It is well known that the Swiss is famous for three things, watches, chocolates and Swiss Army knife. Thus, the clients' requests are usually related to these three things.

E Most of the time, I find that my clients are already well aware of the popularity and fame of Swiss chocolate. I do not even have to tell them about it. So, there will usually be requests to take them to good places to buy Swiss chocolate.

**[37]** When asked whether his clients have always been so well
F aware of the popularity and fame of Swiss chocolate, PW7 said:

Yes, that is what I have found since I started doing tours to Switzerland in 1983. It is seldom that I have to tell them about Swiss chocolate and its reputation as the best chocolate in the world. This perception is sort of implanted in their heads.
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**[38]** In this regard, the following testimony of consumer witness, Yvonne Ham (PW6) is relevant:

To me, Swiss chocolate is the best. It is smoother, creamier and very nice, with good quality and texture. It is also not as sweet as
H local chocolates. I think very highly of Swiss chocolate.

I enjoy eating chocolates and have an interest to try different chocolates from different countries. After a while, I could tell which chocolate is smoother, nicer and creamier. For me, chocolates from
I Switzerland are always better if not the best. There may be some

> difference in the taste of the different brands of chocolates from Switzerland but still prefer them to chocolates from elsewhere. Chocolates from Switzerland give me what I am looking for in terms of quality, taste and texture. So, over the years, I have developed a preference for Swiss chocolate. Also, I know that Swiss chocolate is reputed to be the best in the world. It gives me satisfaction and enjoyment in being able to consume the best.

**[39]** Furthermore, this is what another consumer witness, Lay Hoi Cheong (PW4), said:

> I am a long time regular consumer of chocolates and have had the opportunity to buy and try chocolates of different brands from different countries. I suppose because I am interested in chocolates and enjoy eating chocolates, I pay attention to the quality, taste and texture of the different brands of chocolates from the different countries. Personally, I have found chocolates from Switzerland to be better.

**[40]** The evidence indicates that significant members of the chocolate-buying public in Malaysia place significance on the fact that the chocolates are made in Switzerland. PW2 and PW3, who have worked in the chocolate business for many years in Malaysia, particularly in the marketing and selling of chocolates, have testified that there are discerning customers who would only buy chocolates from Switzerland or who, after entering the shop, visibly demonstrate a basic preference for chocolate from Switzerland by picking up that product first before looking at other possible items to buy. PW3 also testified that he sells many chocolates from Switzerland based on a consumer's educated and acquired taste for chocolates from that country. It is relevant to note that PW2 and PW3 do not talk about any preference or significance given by their customers to chocolates manufactured outside Switzerland by a Swiss maker or to a Swiss recipe. Similarly, consumer witnesses PW4 and PW6 talk about chocolate from Switzerland being better "if not the best" and not about any chocolate manufactured outside Switzerland by a Swiss maker or to a Swiss recipe. The same goes for PW7. The evidence shows attachment of significance by local consumers only with respect to chocolates made in or from Switzerland.

**[41]** Similarly, in *Chocosuisse Union Des Fabricants Suisse De Chocolat and Others v. Cadbury Limited (supra)*, it was held that the words "Swiss chocolate" were taken by a significant section of the public in England to mean (and to mean only) chocolate made in Switzerland.

**[42]** Next, do the chocolate made in Switzerland have a distinct reputation to the local public, distinct from other chocolate, which the plaintiffs are entitled to protect? The evidence showed that chocolates from Switzerland are recognized or perceived as quality or premium chocolate in Malaysia. In fact, Mr. Chua Boon Huat (DW3) who is the Head of the Export and Human Resources Departments of the defendants' group of companies admitted that Swiss chocolate "has quite a high reputation in terms of quality" and agrees that some consumers believe that Swiss chocolate is the best. In my view, the totality of the evidence established that significant members of the trade and public in Malaysia recognize chocolate made in Switzerland as a group of products of distinctive reputation and quality. There was already such recognition since more than 20 years ago or at the latest by the early 1990s.

**[43]** Thus, on the evidence, in my view, the class of goods to which the trade name "Swiss chocolate" applies is the class of chocolates, which meet the distinguishing factors as pleaded by the plaintiffs where they are manufactured entirely in Switzerland and recognized as high quality and premium chocolate.

**[44]** Furthermore, the unchallenged evidence shows that the second and third plaintiffs have for many years, sold and continue to sell in Malaysia, chocolates made entirely in Switzerland, of amongst others, the brands "Toblerone" and "Nestle", respectively. Thus, quite apart from any reputation and goodwill which may be enjoyed by the second and third plaintiffs' Nestle" and "Toblerone" brands, the fact that the second and third plaintiffs' chocolates are Swiss chocolate that are manufactured entirely in Switzerland allow the second and third plaintiffs' chocolates to enjoy the reputation and goodwill which this class of chocolates enjoys in Malaysia. The second and third plaintiffs' chocolates, whether of the brand "Toblerone", "Nestle" or another brand, are Swiss chocolate made in Switzerland and by reason thereof, enjoy the reputation and goodwill, which this class of chocolates enjoys in Malaysia. The second and third plaintiffs are entitled jointly and severally to the reputation and goodwill, which they share with other Swiss chocolate manufacturers trading in Malaysia.

**[45]** Therefore, having regard to the plaintiffs' pleaded case and the factual matrix in this case, I conclude that the words 'Swiss chocolate' are taken by significant members of the chocolate-buying

public in Malaysia to mean chocolates made in Switzerland and these chocolates are also recognized as high quality and premium chocolate. Furthermore, I have also concluded that the second and third plaintiffs are members of the class who sells Swiss chocolates and are entitled in the goodwill attached to the term "Swiss chocolate". It follows that on this issue, the plaintiffs succeeded. Consequently, the words "Swiss chocolate" could be protected by means of a passing off action in the extended form.

**[46]** Which brings me to the next matter for consideration: the question arises whether the use of the words "Maestro SWISS" by the defendants on their chocolate product, in the circumstances of the present case, has led or is likely to lead ordinary members of the chocolate-buying public in Malaysia to believe that the chocolate is Swiss chocolate.

**[47]** Now, the ordinary members of the chocolate-buying public in Malaysia have to be taken as reasonable persons (see: *MCCurry Restaurant (KL) Sdn Bhd v. MCDonald's Corporation* [2009] 3 CLJ 540).

**[48]** In considering this matter, I have kept in the forefront of my mind that in a passing off action, the principle of law is that the misrepresentation by the defendant of his goods, as that of the plaintiff's is an essential element of the tort. This point was put clearly by Gopal Sri Ram JCA (later FCJ) in *MCCurry Restaurant (KL) Sdn Bhd v. MCDonald's Corporation (supra)*:

> In my judgment, since passing off is a common law wrong, it is idle to speak of the ingredients of the tort in strict terms as though it was a creation of some penal statute. It is not. At the risk of repetition, it is a product of the genius of the common law. But, that said, the elements referred to in the two cases already cited are certainly the essential features of the tort in the sense in which it has always been understood. Put shortly, a defendant is liable if he injures the plaintiff by either passing off his goods or mark or business as that of the plaintiff's. And to pass off one as the other certainly involves the creation of a false impression which is referred to as the element of misrepresentation in the tort. For my part, I am content to rely upon and be guided by the following passage in the judgment of Mohamed Azmi J (later FCJ) in *Mun Loong Co Sdn Bhd v. Chai Tuck Kin* [1982] CLJ 80; [1982] CLJ (Rep) 590:

> At common law, it is an actionable tort for one person to represent his business to be that of another, or to mislead the public into believing that it is, because the person guilty of the deception thereby profits illegitimately from the goodwill which attaches to the other business. The commonest means by which this deception is practiced is by the adoption of a business name, which is calculated to cause the public to confuse the spurious business with the genuine one. If the spurious business is conducted by a company incorporated with a name likely to cause such confusion, the owner of the genuine business may obtain an injunction to restrain the company from trading in its own name or even continuing to have its own name. If the injunction takes the latter form, the company must either change its name or be wound up.

**[49]** Further down, the learned judge said:

> I have read and re-read the speech of Lord Fraser and nowhere do I find in it any pronouncement dispensing with the proof of the element of misrepresentation. Indeed, it is manifestly clear from the passage above quoted that the misrepresentation by the defendant of his goods or business as that of the plaintiff's is an essential element of the tort. This is clear from the phrase "falsely described". It is elementary that to falsely describe is to misrepresent. I am therefore inclined to agree with the submission of counsel for the plaintiff that the so-called extended tort is nothing more than the common law adapting the tort of passing off to new and different circumstances. And, as for the pleading point, there is really nothing in it at all. In the first place, the plaintiff has in its statement of claim pleaded all the facts that go to constitute the elements of the tort. In the second place, whether the plaintiff may rely on the so called extended form of the tort is a question of law and it is well settled that you do not have to plead law

**[50]** In addressing this essential element in the tort of passing off, some very important facts are required to be kept in mind, which cannot be overlooked. First and foremost, as evident from the exhibits tendered in the course of the trial, the words "Swiss chocolate" do not appear anywhere on the packaging of the defendants' products. It is also important to emphasize that the defendants' usage of "Maestro Swiss" on chocolate products is not in any way confined to the usage of the word "SWISS" alone.

**[51]** It is equally important and pertinent to take note that "Maestro SWISS" is also part of the corporate names of all the defendants. It is a name, which is common among all members of

the Maestro SWISS group of companies. According to DW3, the use of the Maestro logo started in September 1999 - December 1999. DW3 added that the logo is the perfect identifying and unifying element of the Maestro SWISS group of companies. The usage of Maestro SWISS has with it history behind it and is not only used on chocolate products but also on all forms of their businesses within the Maestro Swiss group of companies, including Maestro Swiss Cocoa Sdn Bhd, Maestro Swiss Trading Sdn Bhd, Maestro Swiss Food Sdn Bhd and Maestro Swiss Land 1 Sdn Bhd.

**[52]** Now, the principles of comparison, as can be seen from decided cases such as the Supreme Court in *Tohtonku Sdn Bhd v. Superace (M) Sdn Bhd* [1992] 2 CLJ 1153; [1992] 1 CLJ (Rep) 344, *Elba Group Sdn Bhd v. Pendaftar Cap Dagangan dan Paten Malaysia & Anor* [1998] 4 CLJ Supp 24, and *MCCurry Restaurant (KL) Sdn Bhd v. MCDonald's Corporation (supra)* dictate that marks must be compared in their entireties set against circumstances of each mark's respective uses in the course of trade before any determination of likelihood of confusion or deception may be arrived at. Consideration must therefore be given to the other words, marks and devices as a whole and not merely one element in it.

**[53]** Applying the foregoing principles to the present case, I have had the benefit of seeing and examining the defendants' VOCHELLE get-up and packaging. The starting point is the words "Maestro SWISS". When taken as a whole and based on my observation, in the term "Maestro SWISS", the word "Maestro" is represented in larger stylized font in upper case letters and is more prominent than the word "SWISS", which is represented in much smaller and thinner white font in upper case letter set against a red rectangular box. Having said that, it is pertinent to observe that the visual appearance of the defendants' packaging does not focus on the words "Maestro SWISS" mark. For one, the words "Maestro Swiss" do not overwhelm the front packaging of the chocolate products of the defendants. For another, the words "Maestro Swiss" is smaller and given less prominence than the "VOCHELLE" mark. In reality, all these go to show the words "Maestro Swiss" paled and not striking, in particular when seen against the Defendants' dominant and striking house marks "VOCHELLE" & crown device and the word "HAZELNUTS".

**[54]** In this context, a reasonable person will be struck by the largest and most prominent word on the defendants' packaging namely VOCHELLE. VOCHELLE is very prominently placed on the product packaging so that customers' attention may immediately be drawn to it. In this regard, Mr. Kamahl Jefrie bin Hamdam (DW2) said in his testimony that what confronted his eyes is the uniquely designed packaging of VOCHELLE and when asked about the Maestro SWISS logo appearing on the packaging he said: "They are insignificant and far less prominent than the brand".

**[55]** Likewise, another witness, Mr. Chong Kim Guan (DW1) when asked what confronted his eyes foremost in VOCHELLE packaging, he said:

> The brand VOCHELLE and the colours

**[56]** In my view, there is merit in the arguments of learned counsel for the defendants that as a whole, the defendants' packaging get-up have distinct and individualistic capricious elements in terms of backdrops, graphics, design representation and labeling details including the identity and address of the defendants as the source of the chocolate. The defendants' presentation of their products is characteristically different from that of the plaintiffs. In my view, when combined and viewed in their totality, there is no way the defendants' chocolate product can be taken by reasonable persons as "Swiss chocolates".

**[57]** All the more so, the packaging of the defendants' product bears the following words:

> Manufactured Under License And Authority Of Trade Mark Owner/Dikeluarkan Dibawah Lesen Dan Kebenaran Pemilik Tanda Niaga By/Oleh Maestro Swiss Choclate Sdn Bhd. Mak Mandin Industrial Estate, 13400 Butterworth, Penang, Malaysia.

**[58]** What then is the effect? These compelling words tell both the defendants as Malaysian manufacturers and the origin of the product. In this way, I think any reasonable person will not be confused by the use of the words "Maestro SWISS" into believing VOCHELLE is a SWISS chocolate. Any suggestion of a possibility of a damaging association or deception and confusion capable of giving rise to a cause for complaint founded in passing off or unfair trade competition is negated.

**[59]** Now, I should add a further point to give some context. It is true that the words "Maestro Swiss" is visible and able to be read but their positioning at the top of the front corner of the packaging is to serve the corporate image of the defendants' group of companies. It serves as the corporate logo of the defendants. As explained by DW3, the Maestro SWISS & Device logo was introduced since 2000 as part of the corporate makeover of the defendant companies which group of companies that had just acquired the businesses of Chocolate Products (M) Berhad. On the given context, there is no inappropriate or improper use of the use of the word "SWISS".

**[60]** Maestro SWISS & DEVICE is a distinctive corporate logo taken from the common corporate name MAESTRO SWISS. In this regard, Lord Simmonds in *Marengo v. Daily Sketch* [1948] 65 RPC 242 said that a man must be allowed to trade in his own name and, if some confusion results, that is a lesser evil than a man should be deprived of what would appear to be a natural and inherent right. This must be emphasized as the corporate logo is meant to be applicable to each of the defendants group of companies. The businesses of the defendants group of companies or MAESTRO SWISS group of companies are by no means confined to chocolates products alone. As evident from the names of some of the member companies alone, in particular Maestro Swiss Land I-VII Sdn Bhd, these names suggest business as diverse and unrelated to chocolate businesses so as to include the likes of land/realty business. I accept with the contention of the defendants that the choice of the Maestro SWISS is inspired purely from the defendants' shared name of Maestro SWISS and that the term Maestro SWISS is used to boost corporate image in all these member group of companies.

**[61]** What is more, as I have said earlier, the defendants' packaging get-up have distinct and individualistic elements and the defendants do have extensive and long-standing goodwill and reputation associated with their "Maestro SWISS" VOCHELLE chocolates, after having extensively advertised and promoted the product. In this context, I accept DW3's evidence that in the marketing of chocolate products, they are targeted more at the mass market consisting of purchasers with comparatively lower income, who are in any event not concerned with any imported chocolates.

Their purchases of chocolates are dictated by how much they could afford or how much they have apportioned their budget for the purposes of buying chocolates. The defendants' business in relation to chocolate production by and large caters to the public whose purchase of chocolates is very much dictated by the amount of money they had in their pockets. There is evidence to indicate the type of customers who purchase the defendants' chocolates is very different from those who purchase Swiss chocolate. Because the sales of the chocolate products are intended for the public with comparatively lower income, whatever goodwill that is set to be generated must surely have been derived from that section of the populace. In support of the defendants' contention that defendants' chocolate products are catered for a category of consumers different from those of the consumers of Swiss chocolate, DW3 has explained the price comparison between chocolate products locally manufactured (which includes the defendant companies' VOCHELLE branded chocolate products) and those, which came from other countries (see exh. D128).

**[62]** This comparison is based on the usual packaging of chocolate products (based on weight/gram). DW3 further explained that this price list was prepared and generated based on the market observation and actual surveillance by Maestro Swiss Trading Sdn Bhd and thus is a fair and objective indicative reflection of the prices of imported and local chocolates available in the market. DW3 further went on to illustrate the opportunity costs point. Opportunity costs are the attainment of one thing at the expense of the other. He explained how small price differences could deprive a consumer of the Defendant group of companies of other essential necessities in life.

**[63]** When looked in this way, in my view, the use of the words Maestro SWISS by the defendants on their chocolate product, in the circumstances of the present case is unlikely to lead ordinary members of the chocolate-buying public in Malaysia to believe that the chocolate is a high quality and premium Swiss chocolate.

**[64]** While on this issue and before leaving this topic, there is one point that I want to make. As I have said earlier, to establish passing off, it must be shown by the plaintiffs that there had been confusion.

**[65]** In this regard, the plaintiffs conducted a market survey. Generally, the courts have been cautious in accepting a survey conducted by one side of the party (see: *Consitex SA v. TCL Markerting Sdn Bhd* [2008] 8 CLJ 444). The survey was carried out to determine whether there was likelihood of confusion. In the present case, the survey as found in exh. P106 was conducted by Ms Seok Han Liang (PW5). According to PW5, she conducted a simple survey on 84 respondents. Each respondent was handed a one-page survey form, which required him or her to fill in particulars about themselves. However, the form does not require the respondents to leave their contact details, so there is no opportunity with which these respondents could be traced and called for cross examination, should such a need be viewed as necessary. In my view, the survey conducted by PW5 is not reliable for the following reasons. In the first place, the survey does not represent a true cross section of the chocolate-buying public in Malaysia. The methodology adopted by PW5 when conducting the survey was by approaching passers-by near offices and supermarkets within Kuala Lumpur and Klang Valley only. Secondly, the questions asked in the survey form were leading questions. The question presupposes that SWISS chocolates concept existed. Thirdly, the surveys were conducted from 6-9 October 2009, four years after the filing of the present action.

**[66]** As a consequence, having considered the totality of the testimonies of all the relevant witnesses and the exhibits tendered, I have come to the firm conclusion that reasonable members of the chocolate-buying public in Malaysia will not be confused by the use of the words "Maestro SWISS" into believing that VOCHELLE and others defendants' products were Swiss chocolates. In my judgment, there had not been confusion between the defendants product Maestro SWISS and chocolate made in Switzerland. For that reason, I find that the defendants had not passed off their products as Swiss chocolates. In my judgment, the use of the words "Maestro SWISS" did not constitute a representation that that product was Swiss chocolate. The defendants did not create a false impression that their product was Swiss chocolate. The defendants did not misrepresent their goods as being in some way connected or associated with the plaintiffs. It follows that on this issue, the plaintiffs failed.

**[67]** I now move on to consider the claim by the plaintiffs based on the GI Act.

## Findings Of The Court With Regards To Infringement Of Geographical Indication

**[68]** Section 5 of the GI Act reads as follows:

> 5 Institution of proceedings for injunction and damages.
>
> (1) Any interested person may institute proceedings in the Court to prevent, in respect of geographical indications:
>
> (a) the use in the course of trade of any means in the designation or presentation of any goods that indicates or suggests, in a manner which misleads the public as to the geographical origin of the goods, that the goods in question originate in a geographical area other than the true place of origin; ...
>
> (2) The Court may grant an injunction to prevent any unlawful use of the geographical indication and award any damages and any other legal remedy or relief as it deems fit.

**[69]** "Geographical indication" is defined under s. 2 of the GI Act as "indication which identifies any goods as originating in a country or territory, or a region or locality in that country or territory, where a given quality, reputation or other characteristic of goods is essentially attributable to their geographical origin".

**[70]** Geographical indication is an indication of source; the indication connects a product to a particular geographical location. It is used to describe goods that originate from particular geographic area. For instance, "Sarawak Pepper" is a geographical indication for pepper, which is produced in Sarawak, and "Sabah Tea" is an indication for tea from Sabah.

**[71]** Having stated the above, in my view, geographical indications perform three purposes. In the first place, the indication identifies goods as originating in a particular country or locality. Secondly, it suggests to the public that the goods come from an area where a given quality of the goods is attributable to their origin. Thirdly, the indication promotes the goods of the geographic origin.

**[72]** The question now arises is whether "Maestro SWISS" as used on the defendants packaging get-up denote geographical indication within the GI Act. In my opinion, the Maestro SWISS logo is not used on the defendants' packaging to denote geographical indication. It is not a geographic indicator, unlike "Sarawak Pepper" or "Sabah Tea". I am unable to accept the proposition that the words "Maestro Swiss" inform consumers that the chocolate comes from Switzerland and that it possesses the qualities or characteristics for which that place is known. The packaging of the defendants' product bears distinguishing words, which tells both the defendants as Malaysian manufacturers and their chocolates products. This point has already been made earlier but deserved to be reiterated. For this reason, I am unable to accept that the designation or presentation of words "Maestro Swiss" on the packaging indicates or suggests in a manner, which would invariably mislead and deceive the Malaysian public that the chocolate originates from Switzerland for which the plaintiffs can take a cause of action under s. 5 of the GI Act.

**[73]** Indeed as I have said a moment ago, the manner Maestro SWISS and Device logo is presented and stylized is intended to be a corporate logo; it is used as part of the corporate image of the defendant group of companies as the words "Maestro Swiss" form part of the names of the defendants.

## Conclusion

**[74]** In the result, based on all the previously mentioned reasons, I see no alternative but to dismiss the whole of the plaintiffs' claim against all the defendants with costs.